

Over-50 Shoppers Show Impressive Financial Clout

(Continued from page 1)

\$561.6 billion for consumers under 35, the category encompassing young marrieds and yuppies.

This financial profile in *Mid-life and Beyond*, a study sponsored by CBS and prepared by the Conference Board's Consumer Research Center, also shows that income for the 35-to-50-year-old group was \$725.7 billion, 19.3% less than for older consumers.

The situation for discretionary income is similar. The 50-and-over group accounts for 49.8%; the 35 to 50 group 30%, and the under-35 group just 20.2%.

Despite the economic impact of the 50-and-over consumer group, discounters have targeted these customers as they have the young marrieds and yuppies.

Manfred Brecker, S. E. Nichols' chairman, said most discounters don't have to undertake any special merchandising program to attract these customers. "I was surprised to find out from two different market research studies that the 39 to 55 year olds are our core customer base, as it is for most other discounters."

With this consumer group in hand, he said discounters have to go after the young marrieds and the 18 to 24 year olds by upgrading store ambi-

ence, a move Nichols and many other chains have been carrying out during the past few years.

The big challenge in upgrading "is the execution; making changes that attract younger shoppers without alienating our core customers," he added.

Eugene J. O'Donnell, Hills' senior vice president, general merchandise manager, said discounters may have to recognize and focus on the 50-and-over shoppers, much as chains are doing with younger shoppers.

Hills, however, hasn't developed a formal marketing strategy for the older shopper; it relies on its low everyday price program to attract these consumers.

O'Donnell noted that Hills has strong sales in a category like full figure apparel, a department in which the discounter's market studies showed the average shopper is older than the chain's regular customer. "I don't know if there is a direct correlation," he said.

The fact that 50-and-over consumers use the same merchandise as other customers makes it difficult to target specific products just for older shoppers.

Health care is generally acknowledged to be the prime area with special appeal to the

50-and-over market. This view, in turn, has resulted in many discounters and other retailers offering special discounts on prescriptions and other health items to senior citizens.

Clover, which already offers a 10% discount in its pharmacies to senior citizens, plans to launch a home health care equipment program. The products can be used by anyone but are expected to have special appeal to customers in the 50-and-over age group, especially older and retired consumers, a spokesman said.

Clover's program will sell or rent such specialty products as prosthetic devices, respiration therapy items and incontinence-related merchandise, along with basics like wheelchairs, braces and crutches.

While Clover doesn't have any specific merchandising programs geared to the 50-and-over consumer, the discounter has a strong marketing position in Northeast Philadelphia, an area with an especially large elderly population, the spokesman added.

The development of special programs for senior citizens, such as discounts on prescriptions and/or purchases made during Tuesdays or Wednesdays—the lowest traffic days for most retailers—indicates that these most elderly people are the only segment of the 50-

and-over group that has been identified for specific attention by merchants.

However, various demographic studies show that the senior citizen category encompasses different groupings, just as the 50-and-over consumer designation is an overly broad characterization.

As far as discounters are concerned, these studies indicate that consumers over 50 years old and senior citizens generally shop discount stores, catalog showrooms and off-price retailers in a pattern that is similar to the rest of the population.

A slightly larger group of readers of *Modern Maturity* magazine, the publication of the American Association of Retired Persons, shopped discounters more than department stores.

A 1985 Simmons Market Research Bureau study showed that in the three months prior to the study period 94.8% of the readers shopped discounters, making an average of 7.3 visits, while 93.7% shopped department stores, visiting an average of 6.1 times.

A key demographic trend noted by a magazine executive is that many elderly consumers are giving up large homes in the suburbs and moving to smaller houses or apartments. This means that these consumers may be in the market

for new household appliances.

Older consumers tended to shop discounters in the same pattern as the general population, according to a 1985 study conducted by Management Horizons, a market research division of Price Waterhouse.

The shopping percentage for women for specific categories for older households (and for the rest of the population) showed:

■ Women's casual apparel—27.4% (25.8%);

■ Infants' clothing—31.8% (34.9%);

■ Men's casual apparel—22% (21.4%);

■ Jewelry—9.5% (8.7%).

The pattern among male shoppers showed:

■ Men's casual apparel—22.3% (18%);

■ Men's shoes—11% (8.7%);

■ Tools—11.7% (10.5%);

■ Sporting goods—32.4% (29.3%);

■ Jewelry—10.1% (7.7%).

Older consumers, however, tended to shop discounters for durables such as small appliances, housewares, home furnishing and home entertainment items less than did the general population.

The specific figures showed:

■ Small appliances—38.6% (43.3%);

■ Housewares—66.5% (73.4%);

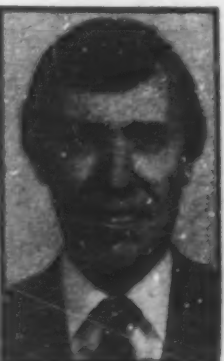
■ Home furnishings—16.8% (23.6%);

Discounters Announce Merchandising Changes

Nationwide DSN Report

Major discount department store and specialty chains have announced key merchandising appointments and promotions:

■ Toys "R" Us has named Van Butler senior vice president, marketing, divisional merchandise manager, a position the chain has tried to fill for two years. Butler had been vice president of merchandising with Child World for the last three years. He will report to Howard Moore, executive vice president, general merchandise manager, for TRU. By the end of next year, Butler will be responsible for over \$1 billion worth of toy merchandise, according to a company release.



McCormick



Eller

■ Venture Stores has named Paul McCormick and Cal Eller vice presidents, and general merchandise managers. Both men will report, along with gmm Art Clark, directly to Marc Balmuth, executive vice president, hard lines.

Balmuth explained the two promotions reflect a realignment of the general merchandise manager responsibilities. Where before, only two peo-

ple reported to Balmuth—Clark and former senior vice president, gmm, Richard Evans—now three people share the hard lines categories.

McCormick's merchandising responsibilities include electronics, and home entertainment (books and records), domestics and textiles. Prior to the promotion, he held the position of divisional vice president, home furnishings, and previously was dmm for electronics.

Eller, who had been divisional vice president, housewares and decorative home, will now oversee housewares and decorative home and toys and infants.

Clark, who currently oversees automotive, hardware, leisure, smallwares, health & beauty aids and food previously had been responsible for toys and infants.

The chain also announced William Bennett was promoted to divisional merchandise manager, housewares and lifestyles, from his position as buyer, lifestyle furniture, wall decor and lighting. He will report to Eller.

■ Roy Cohen and Stan Walsh have been named vice presidents, general merchandise managers, for Child World. Cohen will be responsible for the companies' division two, nontoy products; Walsh will oversee all other toy merchandising. Both executives were previously divisional merchandise managers for the chain.

Target to Pare '86 Health Care Costs

(Continued from page 2)

bility and more benefit choices while at the same time keeping costs flat."

To that end, the chain will make use of a new computerized payroll and personnel system, expected to be operational this summer. Gilpin said the system will keep track of employees' choice and use of benefits more efficiently so in the future the chain could develop benefits programs tailored toward each employee's needs. For example, although each employee would be required to accept some type of basic coverage, the employee might be able to trade in some vacation days for a better medical plan.

Also, computerizing the payroll system will allow the chain, for the first time, to offer a pretax deduction of premiums as early as this fall, said Gilpin.

He added Target is also eliminating its high-option plan with a \$50 deductible, which costs both the chain and employees more in premiums than the \$100 and \$200 deduct-

Chains Oppose New Antitrust Law

(Continued from page 3)

the only federal threat facing prospective RPM violators.

Removing the treble damage provision would eliminate much of the incentive for filing such cases. As a further disincentive to private RPM cases, the White House proposal will contain additional provisions under which unsuccessful antitrust plaintiffs can be forced to pay the defendant's attorney fees.

For their part, discount industry government relations experts are keeping close tabs on the development of the administration's antitrust package, but are reluctant to express specific concerns until the final version surfaces.

AGMC president Edward Borda, for one, says his group will "keep a close watch" on the formulation of this new legislation, and will "be on guard against any new efforts to reduce the retailer's ability to compete."

Similarly, NMRI Government Relations vice president Robert Verdisco said his organization is "deeply concerned about any effort to overhaul the antitrust laws," and that

the White House proposal will receive careful scrutiny by the nation's discounters.

Significantly, despite the so far noncommittal tone of industry lobbyists, the administration's plan to cut back on treble damage awards is only one of the potential problems facing retailers in the White House "reform" package.

Another section of the proposal would relax current antitrust merger restrictions on industries facing stiff import competition.

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Israelis To Honor Wachsman

NEW YORK — Gil Wachsman, senior vice president and general merchandise manager at Target, will be honored March 19 by the Israel Cancer Research Fund (ICRF) for his work in advancing the cause of cancer research.

More than 200 members of the home furnishings, fabrics and notions industry are ex-

pected to attend the ICRF/Hohe Furnishings dinner in Wachsman's honor at the New York Hilton. Clyde S. Zucker, president of Messina and Zucker Inc., and a member of the board of trustees of the ICRF, and George Blumenthal, vp of Lion Brand Yarns and founder of the awards program, will chair the event.

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February 17, 1986

K mart Set to Test Magazine

By BETH A. SEXER

TROY, Mich. — K mart is planning to test launch a consumer magazine this spring in a move that may break new ground for the discount industry.

Plans call for the first issue, *The K mart Spring Into Summer Magazine*, to be direct mailed to one million households in the Pittsburgh and Philadelphia area in late April.

The general interest publication, a joint venture between K mart and Mars Advertising, Hollywood, Calif., will be supported by advertising sold to consumer product manufacturers, including K mart vendors, according to an agency representative. Mars, which approached K mart with the idea to take responsibility for publishing and marketing the magazine using the K mart name, is organizing the project through its Southfield, Mich. office.

K mart executives declined to comment on the project because, according to a chain executive, "it's still in its formative stages." The agency representative added that until manufacturers commit to taking ad space, the magazine will remain on the drawing board.

With the premier issue, K mart becomes the latest retailer to attempt to use a consumer-oriented publication carrying the chain name as a marketing tool to enhance store image among shoppers, said a Mars representative. Neiman-Marcus, the department store chain based in Dallas, Tex., for example, sends its *N-M Magazine* free of charge to 900,000 charge customers in 17 market areas (encompassing 22 stores)

Toys 'R' Us Completes Mag Test, Plans to Triple Circulation by July

ROCHELLE PARK, N.J. — Toys "R" Us and Western Publishing are taking their new *Toys "R" Us Magazine* out of its test phase and tripling distribution for its July issue.

Nearly all 100,000 copies of the first issue, distributed in TRU stores just before Christmas, sold out at a cover price of 79¢, said Fred Reimer of Western Publishing, business manager of the children's magazine.

In July, distribution will be raised to 300,000, followed by an October distribution of 500,000 copies, Reimer said.

Western Publishing, based in Racine, Wis., is aiming to take the magazine quarterly in 1987 and perhaps to offer subscriptions, Reimer added. Eventually, the company would like to make the publication available at newsstands.

By electing to sell the magazine rather than direct mail it to shoppers, TRU and Western's publishing venture differs from those currently being issued by other retailers, including the new publication being planned by K mart.

For Western, publisher of *The Golden Book* series, the TRU magazine is "a new way of gaining distribution to a special interest group," said Reimer. "We wanted to pick up something that's exciting for kids. We felt the name Toys 'R' Us carried that very well."

(Continued on page 71)

throughout the country. It's also available on newsstands on a very limited basis at a \$2 cover price.

The first issue is expected to run 64 pages, divided equally between editorial content, also supplied by the agency, and advertising.

A second issue, aimed at the same two test markets, is currently scheduled to appear in 1986. If the concept is successful, the chain plans to produce four publications a year on a national basis beginning in 1987, said the representative.

The mailing list is being supplied by K mart from its credit card purchase, check cashing and layaway records.

The magazine will feature general-interest and service-

oriented articles, such as fashion trends, home improvement pieces like how to build a deck, or seasonal pieces like putting a garden into shape for spring, said the agency representative.

Media kits describing the magazine were sent by Mars Advertising to manufacturers several weeks ago. At presstime, manufacturers said they had not yet decided if they would participate.

(The media kit featured a front page mockup of the magazine, a rate card and a letter outlining the program, including the line, "K mart lent its name and non-financial support to the publisher.")

Howard Bobroff, vice presi-

(Continued on page 71)



Chain toy buyers will continue to search for the elusive super license at the upcoming Toy Fair in New York, but they'll settle for short-term opportunities instead of long-running hits.

Toy Retailers Predict Return to Basic Buys

By LARRY CARLAT

NEW YORK — In the fashionable and cyclical toy world, mass retailers and manufacturers can never get it together.

In a year where major toy companies will be introducing a significant number of innovative new products to the marketplace, led by a second marriage to electronic technology, toy buyers are talking overall conservatism and a return to basics as they come to this month's 83rd American Toy Fair here.

The problem that keeps the two worlds apart appears to be knee jerk reactions on both sides of the fence.

"Last year, there weren't a

lot of innovative products in the market. We basically saw a lot of line extensions, a lot of similar products. The industry thinking was if you stick a license on anything, it would sell. It didn't," said Marvin Schwartz, toy buyer for S. E. Nichols.

"Manufacturers realized this and (this year) came to the market with loaded guns. Of course, we're still feeling last year's ill effects, in terms of carryover and declining profit dollars. So we'll be going back to basic buying habits because you can't allow yourself to fall in love with everything," he added.

(Continued on page 27)

IN BRIEF

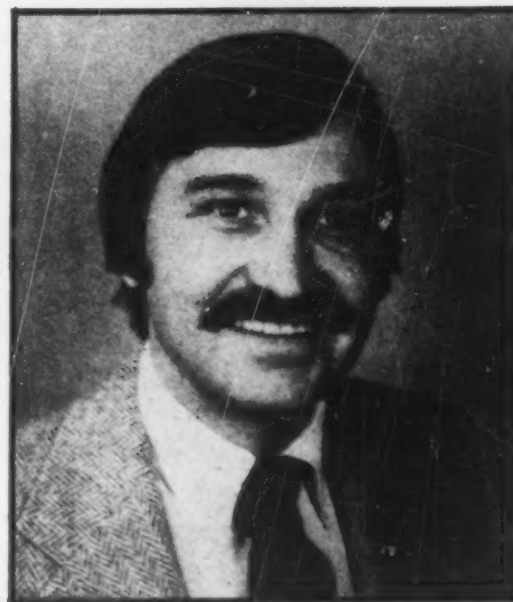
■ **STEPHEN JELIN** has resigned from his position as president of Prange-Way Stores for personal reasons, effective Feb. 10. Henry C. Prange, chairman of the parent H.C. Prange Corp., will be acting president.

■ **COMPUSAVE** has terminated its Touch-n-Save electronic retailing operation which used interactive terminals to display and take orders for about 400 items. Lack of sales and a cash shortfall were cited as reasons for the decision.

Ardan Catalog Operation to Close

MINNEAPOLIS — Carlson Companies has decided to close its Ardan catalog showroom chain, but plans to "re-align" its business "to focus operations on the jewelry and giftware components of the business."

Carlson and Ardan executives declined to clarify the exact moves planned for the cataloger. Sources speculated, however, that Ardan would retain about 10,000 sq. ft. in each unit for a jewelry and giftware operation—possibly using a new logo—and lease out the remaining space in the former showrooms either on an individual store or chain-wide basis. At presstime, the company was holding talks



with "several parties" interested in occupying the chain's sites.

Left unanswered was the question of whether the footage for the jewelry and

'The traditional catalog showroom concept has lost market share and consumer appeal during recent years.'

—E.C. (Skip) Gage, president, Carlson Companies.

giftware store would be part of the available space should other companies want to take over an entire Ardan unit. Trade observers believe Carl-

(Continued on page 72)

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Viewtron New England Entry Completes National Rollout

MIAMI BEACH — Viewtron Corp. of America has extended its Viewtron computer videotex service to four New England states to complete its 50-state national rollout.

The move came as Viewtron reached the 15,000 subscriber level after only four months of national operation. Prior to the start of the national rollout in October Viewtron was only available in south Florida.

As a local electronic marketing and information service in the Greater Miami market, Viewtron had about 3,000 subscribers.

The last four states to get Viewtron were Maine, Massachusetts, New Hampshire and Vermont.

About 90% of Viewtron's subscribers access the service through a local phone call. Besides subscribers in the 50 states, the service is also ac-

cessed by consumers in Europe, the Middle East, Asia and Canada, the latter over the Datapac computer information network.

Viewtron is offering its service in the New England market itself rather than through a joint venture with Affiliated Publications, as previously planned. No reason was given for the split.

While Viewtron directly provides its on-line service in almost all markets, it has special regional marketing ventures in three areas.

It has a co-operative marketing agreement in Minneapolis with Northwestern Bell to promote the services on a regional basis. In Pittsburgh, Viewtron has a partnership agreement with the Pittsburgh Press to provide localized news and information services there.

The company has an agreement with the North Carolina National Bank in that state to cooperatively market Viewtron as well as the bank's home banking service in that southeastern market. (Philadelphia's PSFS bank is using Viewtron as well as CompuServe, which is a rival on-line computer service, to provide financial services to personal computer owners.)

The company is trying to develop new localized information services in other markets where it has a large concentration of subscribers, said president Paul Orme.

He said the service has more than 100 advertisers that range from national retailers and service firms like J.C. Penney and Hertz to local companies like Burdines and the Bank of Coral Gables in the Greater Miami area.

To Fund Buyout

SCOA to Sell Units to Volume Shoe

COLUMBUS, Ohio — SCOA Industries plans to sell up to 274 of its shoe stores to Volume Shoe to obtain funds for the recent \$637 million leveraged buyout of the company. The price to be paid was not disclosed.

SCOA, parent of Hills discount stores, also plans to sell its seven-store The Dry Goods specialty apparel chain, but so far hasn't made a deal for that operation.

Divestiture of the shoe store and Dry Goods operation is eventually expected to raise about \$44 million to help fund the leveraged buyout of

SCOA, engineered by a group composed of top SCOA and Hills executives and the Thomas H. Lee Co., a Boston investment firm.

SCOA's sale of most of its 50 By-Way and 250 Gallenkamp shoe stores, all of which are in shopping malls, doesn't involve its approximately 300 leased shoe sections in Hills stores and conventional department stores.

SCOA's agreement with Volume Shoe, a May Department Store subsidiary, is expected to be completed in stages that start this month and continue to run through-

out the summer, as Volume negotiates new leases with mall owners.

Volume has agreed to acquire up to 274 SCOA store sites, along with each unit's inventory, but the exact number is dependent on the mall lease negotiations. Volume will convert the stores into self-service Payless Shoe-Saver Stores, currently a 1,850-unit chain.

Only about 275 Payless Shoe-Saver stores are in malls, so the deal with SCOA will materially strengthen Volume's presence in shopping centers.

VCR Sales March On (Sales to Retailers)

	1985 (53 weeks)	1984 (52 weeks)	Change
VCR	11,853,118	7,615,791	+ 55.6%
Color TV	16,995,667	16,082,580	+ 5.7%
B&W TV	3,753,860	4,909,152	-23.5%

Source: Electronic Industries Association

55% Sales Gain

VCR's Achieve 30% Market Penetration

WASHINGTON — The videocassette recorder continued its inexorable march into American homes in 1985, approaching penetration of 30% of American households by the end of the year.

According to the Electronic Industries Association's Consumer Electronics Group, 11.9 million units were sold to dealers last year, a 55.6% increase over the 7.6 million units sold to dealers in 1984.

In December, 1.94 million units were sold to dealers, the most prolific VCR sales month in history.

The gain in unit sales was accompanied by nearly a 10% drop in prices, as the average factory value of 1985 VCRs dropped from \$455 in 1984 to \$411 last year.

That value drop was most pronounced in table models, whose average factory cost declined from \$416 to \$370, and is projected to decline even further to \$350 this year.

The EIA expects sales in 1986 to grow at a more modest

rate to approximately 12.5 million units.

Sales of video cameras were off 19.2% compared with the year before, from 488,849 units in 1984 to 394,764 in 1985, possibly a result of a growing consumer preference for camcorders. Sales of those combination camera/recorder units, not even tracked as a separate classification by the EIA until 1985, were estimated at 400,000 units for the year, and are projected by the group to vault to 750,000 units in 1986.

Similarly, sales of portable VCRs were off from 885,000 units in 1984 to 700,000 units in 1985.

Gains were shown in several other categories tracked by the EIA on a weekly basis. Color television set unit sales jumped 5.7% to 17 million, also the largest mark in the category's history. However, the average factory value for TVs showed a slight slippage, from \$343 in 1984 to \$330 in 1985.

(Continued on page 72)

QUIZ

The DSN Quiz, testing your knowledge of news and trends in discount retailing covered in the previous two issues, will appear on this page monthly. Check your answers with the key on p. 71.

1. The heightened promotional stance evident among conventional department stores reflects:

- humanitarianism;
- increased competition from specialty retailers and discounters;
- sheer desperation.

2. Who is America's prime consumer group?

- the 50 and over market;
- Yuppies;
- Weight Watchers.

3. The new name of Federated Department Store's merged discount division will be:

- Goldrich's;
- the same as the old names;
- Target.

4. CES held few surprises for chain buyers. Nevertheless, the predominant marketing strategy seen at the show was:

- four color packaging;
- fashionable pastel colors for audio and video products;
- blondes.



5. Toys "R" Us implemented two uncharacteristic moves during the second half of last year. One, was increased promotional activity. The other was:

- keeping its stores open 24 hours a day during Christmas;
- slashing its everyday low prices;
- providing milk and cookies for Santa.

6. Sporting goods retailers were able to do one stop Atlanta shopping at:

- The Super Show;
- The Cosby Show;
- The NSGA Show.

7. Which buyers pass up co-op advertising programs in favor of net-net pricing?

- Wal-Marts;
- private label apparel;
- domestics.

8. Virtually everyone has lauded the membership warehouse retailing format except:

- Wall Street;
- Bourbon Street;
- Della Street.

9. What category is expected to lead the apparel business in sales this year?

- children's wear;
- women's wear;
- wash and wear.

10. Mainstreet will expand into its second market this Fall with four openings in:

- Minneapolis;
- Mr. Rogers' neighborhood;
- Detroit.

Soft Lines



Rolling Out a New Look

Kuppenheimer Clothiers is rolling out a new look in an effort to shed its factory outlet image. Stories on changing approaches at two men's specialty stores and a MAGIC show preview begin in the soft lines section on page 13.

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PHOTO MARKETING ASSN. SHOW

Rangefinders Pace 5.3% 1985 Camera Sales Gain

U.S. Camera Sales to Retailers
(1985 Estimate)

Camera	Total Units Shipped (17.9 million)	Percentage
Disc	4.8 million	26.8%
Rangefinders	3.6	20.2
Instant	3.3	18.4
110 & 126	3.2	17.9
SLRs	2.6	14.5
Other	0.4	2.2

Source: PMA marketing research

JACKSON, Mich. — Increased sales of rangefinder cameras paced a 5.3% increase in the number of cameras sold to dealers last year, according to year-end estimates by the Photo Marketing Association in its 1985 Industry Trends report.

Sales of rangefinders increased from 2.9 million in 1984 to an estimated 3.6 million units last year, and their share of market zoomed from 17.1% to 20.1%—the only major segment to show a gain. The report also credited the success of Minolta's Maxxum with producing growth for 35mm single lens reflex models, which inched forward

from 2.5 million to 2.6 million units. Their share of market declined, however, from 14.7% to 14.5%.

Drug stores continue to hold down the largest share of the retail photo processing market, according to the PMA research. They account for 33.2% of the industry's unit volume; with their ultra-competitive pricing, that 33.2% translates to 29.6% of the dollar volume. The unit share represents a significant gain from 1984, when drug stores were credited with 26% of the market by the PMA.

Discounters also showed a gain in unit share, jumping from 9% of the industry's units

in 1984 to 9.6% in 1985. As with the drug stores, discounters' competitive pricing kept the dollar share lower, to 7.6%.

The greatest gains in number of installations, according to the report, were shown by mini-labs, whose numbers just about doubled over the year. By November, 1985, there were 10,200 mini-labs operating, compared to 5,200 a year earlier. According to the PMA research, mini-labs now account for 25.6% of the photo processing dollars on only 18.7% of the units.

The biggest dropoff in processing was shown by kiosks, which fell from 14% of the market in 1983 to 8% in 1984, down to 3.6% of the industry units in 1985.

The PMA's 1985 Consumer Photographic Survey, in tracking purchase patterns, asked respondents where they had bought their most recently purchased camera, and what kind of camera it was. Discount stores, as in past years, continued to be the most favored purchase venue, accounting for 23.7% of total purchases. Catalog showrooms, with 12.7%, ranked third on the list, trailing camera specialty stores.

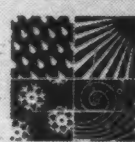
Within the discount stores, instant and 110 cameras were the most often cited as most recently purchased, with disc cameras holding down the third position. Rangefinder 35mm models were fourth.

In the catalog showrooms, however, rangefinders held down a solid second place, accounting for 20.5% of the most recently purchased cameras. That is the highest percentage garnered by rangefinders in any distribution channel studied by the PMA.

The consumer study also found that the camera owners who generate the most profit for retailers—owners of high-end SLRs—are getting in step with the video revolution. More than half of those owners who intend to buy a camera in the near future expect it to be a video camera. And, when asked what other products they would expect to find in a camera store, 46.9% of all consumers said they expect to find video equipment. The PMA report includes a full study of the video market and how it will impact on photographic retailers in future years.

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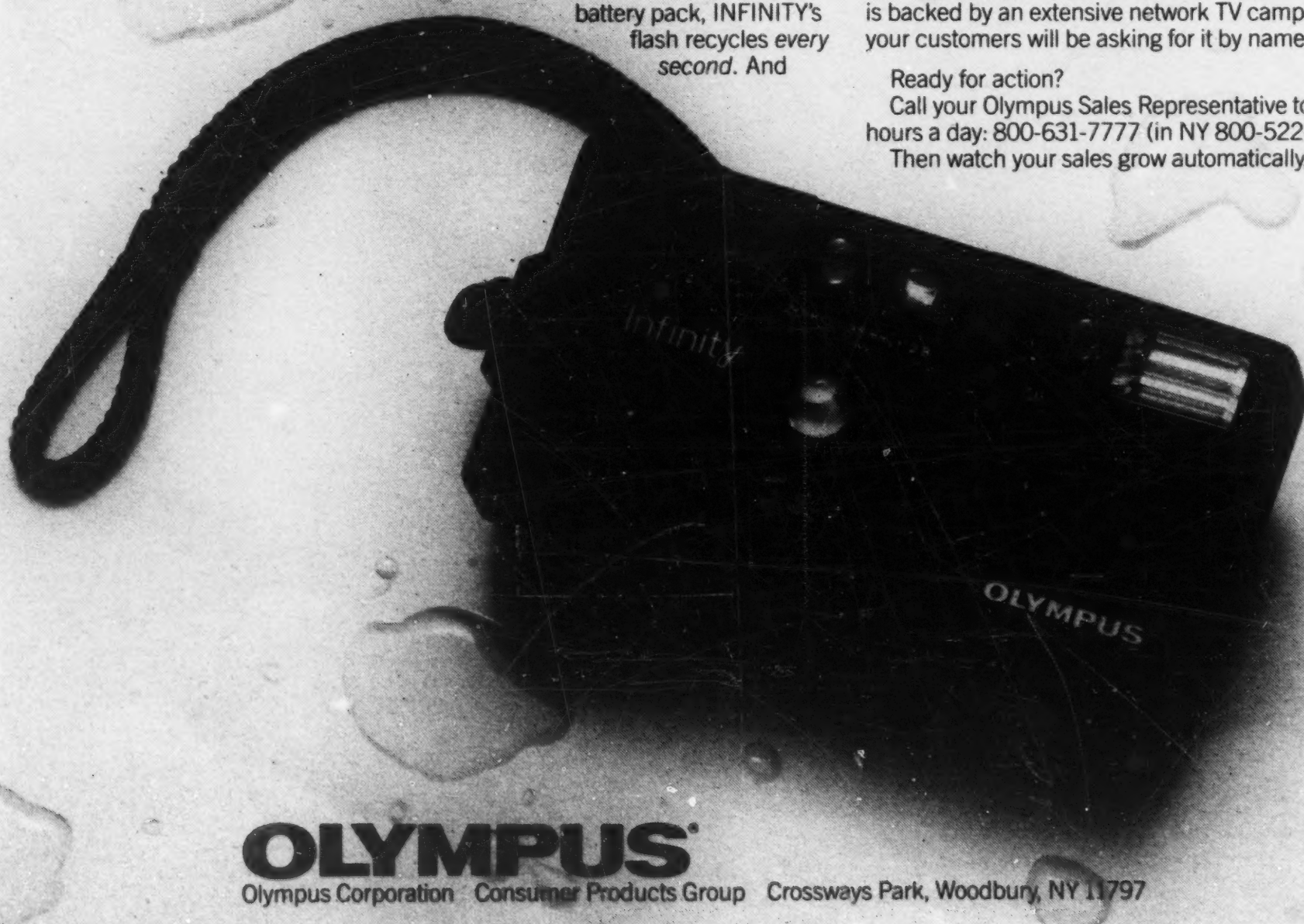
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Family Dollar Declares Dividend

MATTHEWS, N.C. — The board of directors of Family Dollar declared a quarterly cash dividend on the company's common stock of 6¢ per share, payable April 15, 1986, to shareholders of record as of March 14, 1986.

At its annual meeting, the stockholders also elected Leon Levine, Lewis E. Levine, Thomas R. Payne and Mark R. Bernstein directors of the company.